

Message Text

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C O N F I D E N T I A L MADRID 5646

E.O.11652: GDS

TAGS: PFOR, SP

SUBJECT: GOVERNMENT'S PLANS

1. MINISTER OF THE PRESIDENCY ALFONSO OSORIO (WHO HAS BECOME A VERY KEY FIGURE IN THE SUAREZ GOVERNMENT AS ONE OF THE TWO VICE-PRESIDENTS) TOLD ME AT LUNCH I GAVE FOR CARDINAL COOKE JULY 22 THAT HE WAS TAKING A MORE DIRECT HAND IN THE COORDINATION OF THE GOVERNMENT'S ECONOMIC ACTIVITIES, AND HAD ORGANIZED A MEETING EARLIER TODAY WITH THE PRIME MINISTER OF THE VARIOUS ECONOMIC MINISTERS TO CONSIDER WHAT THE GOVERNMENT SHOULD DO IN THE IMMEDIATE FUTURE TO TRY TO IMPROVE THE ECONOMIC SITUATION AND RESTORE CONFIDENCE. HE ADMITTED THAT THE GOVERNMENT WAS FACED WITH A VERY DIFFICULT PROBLEM BECAUSE THE MEASURES IT REALLY SHOULD TAKE ARE NOT FEASIBLE POLITICALLY AT THIS TIME. MORE AUSTERE MEASURES WITHIN THE FRAMEWORK OF A STABILIZATION PROGRAM COULD ONLY BE TAKEN BY A GOVERNMENT WHICH HAD A POPULAR MANDATE FOLLOWING FROM GENERAL ELECTIONS. UNDER EXISTING CIRCUMSTANCES THE GOVERNMENT'S ECONOMIC MEASURES AT THIS TIME WOULD HAVE TO BE OF A STOPGAP NATURE IN AN ATTEMPT TO REDUCE INFLATIONARY PRESSURES. HE WAS OPTIMISTIC THAT THERE WOULD BE AN IMPROVEMENT, ALBEIT SLIGHT IN THE ECONOMIC PICTURE.

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2. OSORIO SAID THE GOVERNMENT WAS NOW REVIEWING

THE PROPOSALS FOR REFORM OF THE LEGISLATURE. HE DOUBTED THAT THE GOVERNMENT WOULD TRY TO RUSH ANYTHING THROUGH THE CORTES AT THIS TIME, PREFERRING TO EXAMINE THE MATTER CAREFULLY AND THEN PUT FORWARD ITS PROPOSALS IN SEPTEMBER. THE GOVERNMENT WAS ALSO RECONSIDERING WHAT THE VOTERS WOULD BE ASKED TO APPROVE BY REFERENDUM. HE INDICATED THAT WHAT EVENTUALLY MIGHT BE PUT TO REFERENDUM WOULD PROBABLY BE SOMETHING BETWEEN THE FULL TEXTS OF THE REFORM MEASURES THEMSELVES AND A MORE GENERAL PROPOSITION FOR DEMOCRATIC REFORM WHICH IS KNOWN HERE AS "A PROSPECTIVE REFERENDUM". ONCE THE GOVERNMENT HAD RECEIVED APPROVAL IN THE REFERENDUM THEN IT COULD PROCEED WITH AN ELECTORAL LAW IN PREPARATION FOR GENERAL ELECTIONS NEXT YEAR. OSORIO DECLINED TO BE SPECIFIC AS TO WHEN THE GOVERNMENT MIGHT ANNOUNCE A SPECIFIC CALENDAR FOR THE REFERENDUM AND GENERAL ELECTIONS, BUT HE GAVE THE IMPRESSION THAT THE GOVERNMENT WOULD TAKE ITS TIME. IN RESPONSE TO MY QUESTION AS TO THE POLITICAL SUPPORT WHICH REFORM ELEMENTS IN THE GOVERNMENT MIGHT BE EXPECTED TO HAVE IN THE GENERAL ELECTIONS, OSORIO SAID THAT HE WAS CONFIDENT THAT AS THE ELECTIONS DREW NEARER, THE CHRISTIAN DEMOCRATS WOULD BEGIN TO UNIFY AND A LARGE CENTER PARTY WOULD EMERGE.

3. RUIZ GIMENEZ LEADER OF ONE OF THE CHRISTIAN DEMOCRATIC PARTIES IN OPPOSITION, WHO WAS ALSO LUNCHING WITH ME, JOINED IN THE CONVERSATION TO URGE OSORIO TO HAVE THE FORTHCOMING AMNESTY INCLUDE THOSE MILITARY OFFICERS CONVICTED EARLIER IN THE YEAR OF CONSPIRACY. HE SUGGESTED THAT THEY MIGHT BE RELEASED FROM PRISON, WHILE OF COURSE NOT RETURNING TO THE ARMED FORCES. OSORIO COMMENTED THAT THIS MIGHT BE FEASIBLE. RUIZ GIMENEZ ALSO EMPHASIZED TO OSORIO THAT THE GENERAL ATTITUDE OF THE DEMOCRATIC OPPOSITION WAS POSITIVE TOWARD THE SUAREZ GOVERNMENT, PARTICULARLY NOW THAT SUAREZ HAD UNDERTAKEN A DIALOGUE WITH THE OPPOSITION

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(OSORIO CONFIRMED THAT SUAREZ HAD SEEN VARIOUS MEMBERS OF THE OPPOSITION, INCLUDING GONZALEZ OF THE PSOE AND THERE ALSO WOULD SOON BE A MEETING BETWEEN SUAREZ AND RUIZ GIMENEZ) THE SUCCESS OF THE DIALOGUE WOULD, OF COURSE, DEPEND ON THE CONCRETE DETAILS OF THE PROGRAM, INCLUDING THE NATURE OF THE REFERENDUM. RUIZ GIMENEZ DOWNPLAYED THE ACTIVITIES OF COORDINADORA DEMOCRATICA

AND CRITICIZED A COMMUNIQUE WHICH IT HAD RELEASED
(AND WHICH HAD BEEN APPROVED IN HIS ABSENCE)
REFERRING TO THE GOVERNMENT AS "REACTIONARY".
HE ADDED THAT IF THE COMMUNIST PARTY WERE LEGALIZED
THE COORDINADORA DEMOCRATICA WOULD CEASE TO EXIST
AT ONCE. OSORIO MADE CLEAR THAT THE LEGALIZATION
OF THE COMMUNIST PARTY WAS NOT SOMETHING WHICH
COULD BE TOLERATED AT THIS TIME.

4. OSORIO ALSO TOLD ME THAT THE GOVERNMENT WOULD
PROBABLY APPOINT ON JULY 23 AN UNDERSECRETARY FOR
PUBLIC ORDER WHO WOULD BE RESPONSIBLE FOR COORDINATING
THE SECURITY SERVICES. DESPITE SPECULATION THAT
A MILITARY MAN MIGHT BE APPOINTED, THE UNDERSECRETARY
WOULD BE CHOSEN FROM AMONGST MAGISTRATES OR STATE
PROSECUTORS.

5. FINALLY AS A HISTORICAL NOTE, OSORIO SAID
THAT ALTHOUGH WE HAD ALL KNOW FOR A LONG TIME
THAT THE KING WISHED TO GET RID OF ARIAS, THE
DECISION TO DO SO ON JULY 1 WAS VERY MUCH OF A
LAST MINUTE DECISION, BUT HE DID NOT ELABORATE
ON THE CIRCUMSTANCES.

6. OTHER NON GOVERNMENT CHRISTIAN DEMOCRATS PRESENT
EXPRESSED CONFIDENCE IN THE GOVERNMENT'S INTENTIONS
BUT COUPLED THIS WITH CONCERN THAT THE GOS MIGHT
NOT BE ABLE TO MOVE FAST ENOUGH AND THAT THE SENIOR
MILITARY ESTABLISHMENT MIGHT IMPEDE THE GOS ABILITY
TO GET THE JOB DONE.
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